

SRG's Free Checklist for Financial Advisors

Practice Acquisition Checklists for Success

Sellers on average have 75 interested candidates, but less than 10% of these potential buyers are qualified and ready. With so much interest and competition for practices, if you are serious about adding acquisition or mergers to your growth strategy, it is important to ensure you are prepared, organized, and committed.

Given industry demographics and projections for the financial services industry, advisors looking for an exit are out there, and the number will only continue to increase every year. The following checklists are designed to help ensure you have a robust set of marketing channels being leveraged, that you are deploying your strategy consistently, and that you have the infrastructure in place to close the deals as you build your pipeline.

Divided into three parts, these checklists cover the three initial stages of your acquisition strategy, starting with preparing internally, deciding on your seller marketing goals and strategy, and finally tangible recommended sourcing strategies:


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Let's dive in!


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BEFORE-YOU-BUY PREP


There is significant demand for practices in the financial services industry, with most sellers having an average of 75 potential buyers interested in their business. However, of the interested candidates, on average only 5 of these buyers are qualified to buy a business today. The following are best practices to review and implement before committing time and resources to finding a deal. The goal of addressing these key issues is to help take you from the 75:1 group of “interested buyers” to the 5:1 group of qualified buyers, and so ultimately nothing stands in the way of you becoming THE buyer.

- Value your practice annually**  [SRG - FA CMA Valuation »](#)
This will be critical to determine how much lending you will qualify for when you find a deal. Know what your practice is worth, understand the valuation process, and know the key “levers” of value.

- Formalize your equity structure**  [SRG - Equity Appreciation Plan »](#)
Setting up and using an entity is a step every advisor should and can take to limit your personal liability beyond your work as an advisor. This step will limit your liability during an acquisition and allow you to grant equity during a sale or recruitment.

- Formalize your employment practices**  [SRG - Employment Resources »](#)
Before you acquire practices, make sure you have affiliation agreements in place with your licensed professionals, and other formalized HR best practices (including job descriptions, career paths, and compensation best practices). As you grow, you will continue to delegate and assign clients to your licensed professionals, make sure your interests are protected should they ever leave your employ.

- Plan for the worst**  [SRG - Contingency Planning »](#)
Have your contingency agreement in place before a potential seller asks about it.

- Make sure you have the money**  [SRG - Lending Support »](#)
While you can’t prequalify, you can develop this important relationship with a lending partner. Through SRG, you can get access to reduced closing costs from our partner lender when you are ready to finance a deal.

- Coaching**
There is an average of 75 buyers for every seller, and the average number of households transferred in an acquisition is 168. Hiring a coach can help you find and close more deals, streamline your processes, and develop or formalize workflows to make you more efficient and attractive to a seller.

GO-TO MARKET STRATEGY

If you want to make a small fortune in acquisitions, the easiest way is to take a large fortune and use it to fund an unfocused acquisition strategy or outsource your efforts. Growth through acquisition and sourcing deals is an owner activity, but the entire process needn't be. Know who you will target, what resources you plan to use, why someone should consider selling to you, and how much time realistically you can and will commit. The following are examples of the key considerations as you begin actively sourcing opportunities.

- Decide what you are looking to acquire:**
 - What type of revenue? _____
 - Location: add to existing location / develop new satellite location
 - New market niche?
 - Size of clients: _____ avg. account size
 - Staff, systems, processes?

- Determine your allocation of resources for sourcing a deal, and then once you have a deal, onboarding and servicing. Key considerations:**
 - Your time – how much time per week will you commit? Sourcing deals is an owner activity: _____ hours per week.
 - Office space – do you have, or can you quickly obtain, sufficient office space for a seller and/or their staff
 - Understand the onboarding process, what forms will need to be signed, and what rules will you need to comply with for your broker-dealer.
 - Does your staff have the processes down and time to onboard new clients?
 - BD Support – what support will you get from your broker-dealer, in terms of client transition and move over assistance money, and how do you implement that support into your team?

- Develop target list – you have a finite amount of time and resources. Know who you want to target and ensure you have a comprehensive list that is manageable.**
 - Internal/External BD
 - Wirehouse/Regional Reps
 - RIAs
 - Independent Reps
 - Insurance Agents
 - Accountants

- Develop your “Pitchbook” and other marketing resources**
 Your pitchbook should contain information about who you are and your qualifications, what you do, why you do it, and case studies of, for example, how you can/have/want to partner with advisors on the retirement path. Designed as a useful and informative leave-behind. Also, work on developing sample letter templates, email follow-up templates, and phone outlines before you begin. Succession Resource Group or your coach can assist in developing this.

DEAL SOURCING

Building your acquisition pipeline is THE most challenging part of acquiring a practice. There are many buyers that would like to acquire a practice, and some will happen upon a deal through their natural markets, but the serial acquirer doesn't leave this to chance. They commit the time, effort, and resources to develop a pipeline of potential deals using a combination of the following strategies. There is no "secret sauce" – just professional persistence.

Your natural market

- Home office staff and recruiting teams
- Other advisors

Networking events

- Your broker-dealer/custodian regional/annual meetings

Trade groups:

- Monthly FPA Chapter meetings
- FPA Retreat
- NAIFA monthly chapter meetings

Study groups

This will take time to develop and nurture if you aren't already part of a study group. However, if an advisor is part of a study group and is selling his/her practice, 90% of the time he/she would sell to someone within their study group.

Industry conferences – be where other advisors are. There can be other benefits of attending these conferences, but using these events as a platform have face-to-face conversations with your peers that are of the "selling demographic" is invaluable.

- Morningstar Investment Conference – If you are seeking a seller who manages investments for their clients.
- AICPA's Personal Financial Planning (PFP) conference
- Investment Management Consultants Association (IMCA) National conference
- Fi360 annual conference – focused on advisors who work as or with ERISA fiduciaries in the qualified plan environment.
- Wholesaler events
- Compliance firm events
- CRM or other software related conferences – great for finding candidates using similar technologies, making them more compatible
- Asset Management platform conferences

Outbound activity

This strategy will take more work and "marketing talent" but is key to building a robust and consistent pipeline of opportunities. These marketing activities should be used together, and with a combination of other approaches to be effective.

- Mail
- Email
- Social media (LinkedIn, Twitter, Facebook)** – Effective examples of social media usage includes sharing any past deals you have done and how successful they were. Make sure the world around you knows you are looking to grow through acquisition or merger.

- Seller workshops – As a proactive step, partner with an organization like Succession Resource Group to host a succession workshop dinner in your local market, inviting 1,000 to 3,000 potential targets to come learn and network.
- Calls – The goal here is to do everything you can to get the sellers to reach out to you. However, a friendly call to check-in AFTER you have met them at a networking event, sent an email and letter, etc. can provide a nice personal touch. Use this strategy after you have “warmed” the lead up and avoid a shotgun approach of just calling everyone in your market. Save this for the recruiters.
 - Paid search options - recruiters

Websites – Avoid companies who sell memberships to look at what is for sale, or tout dozens of practices for sale. Any credible company representing practices will make their money selling businesses and not selling memberships. However, while your odds of finding a deal are very small on most listing sites, the investment of your time to check them is worth it if you find a deal. Try to rely on your home office team if they have a membership you can leverage.

- Advisory practices:**
 - Succession Resource Group* – Our practices we represent are posted to our site for all to see.
 - FP Transitions* – FP tends to have a small handful of active sellers looking for deals, but most seem to be sold to a fraternity of buyers they know. Key is to become one of those buyers!
 - Key Management Group* – Advisor Legacy (run by Ameriprise advisor coaches)
 - RIA Match* – A recruiting website, but they claim to know of practices for sale. Just temper expectations.
 - SuccessionLink (run by recruiters)* - A recruiting website, but they claim to know of practices for sale. Just temper expectations.

- Accounting practices:**
 - <https://www.cpasales.com/practices-for-sale>
 - <http://www.accountingpracticesales.com/buyers/register>
 - <http://atbcal.com/listings/>

- Insurance agencies (Life/Health):**
 - <http://www.osfagencyexchange.com/buyers/>

There is no “secret sauce” to finding and closing deals. Yet, we have a handful of serial acquirers that we work on deals with every year. The key to their success is a dedicated and committed approach to not only finding deals, but on becoming known for what they know, so deals/sellers seek them out. These checklists are not an exhaustive list of considerations and best practices, but provide an initial overview of things every advisor can do to become more successful in finding deals.

GOT A DEAL? WE CAN HELP!

Advisors that follow the best practices outlined in these checklists consistently over time will develop a pipeline of opportunities to acquire, merger with, or tuck-in. As opportunities present themselves, SRG can assist in a variety of ways – including helping you value the target acquisition, preparing offer letters, help with our comprehensive Turnkey Deal Support service, and coordinating with the appropriate lending partner that is right for your deal.

TURNKEY DEAL SUPPORT

Including everything you need to complete your deal, SRG's experts will guide you through all facets of evaluating and understanding your deal, from compliance and financing to the tax considerations and client communication process to ensure you make every decision with full information and then execute the deal cost-effectively using our form contracts (customized for your particular deal).

[Learn More](#)

VALUATION

Using the market-based approach, this service helps you understand the value of your assets and how you compare with your peers. It is often used for contingency planning, entity formation, business planning, mergers and acquisitions, succession planning and more.

[Learn More](#)



LendingWell

Powered by Succession Resource Group

LendingWell is an online lender/financing matching tool developed by Succession Resource Group. It is designed specifically for advisors to assist with finding the optimal lender(s) for your financing needs. Each lender has unique requirements, loan terms, and "credit box." Answer a few simple questions to evaluate your eligibility and find lenders who ideally matched for your type of financing needs. Once matched, you can connect with lenders.

[Learn More](#)



Questions? Need Assistance?

Schedule a call and learn more about how we can help you.

[Schedule a call now!](#)



About Succession Resource Group

Succession Resource Group, Inc. (SRG) is an awardwinning succession consulting firm with decades of combined industry experience. SRG possesses a unique combination of skills, resources, and expertise to provide turnkey solutions helping advisors understand the value of their business, develop strategies to improve that value, protect the value with proper agreements and plans, grow through M&A, and create/execute their exit strategy.